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Industries in Readjustment

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THE cessation of hostilities in the great European war found this nation as unprepared for peace as it was for war. When the armistice was signed, American industry was reaching that condition where production was beginning to meet the demands of the nation for war supplies. Industry had responded efficiently, promptly, and with a wonderful spirit of devotion to the nation's interest, to the demands which the army and the navy made upon it for war supplies. The various governmental agencies established for the purpose of accelerating military industry found the great industrial establishments as well as the smaller producing units eager to help, willing and anxious to make all necessary adjustments to further the war program.

INDUSTRIAL ECONOMY A WAR ADJUSTMENT

Like the changes which the war brought in the life of much of the nation's citizenry, the changes which war brought to industry were revolutionary. The adjustments were dictated by the call to produce war supplies in quantities unheard of before, to produce manufactured products strange and new. So necessary and so insistent was the nation's demand, that every manufacturing plant in the United States, no matter what its product, though only remotely related to war material, had to heed the call to produce war material or materials of public necessity or go out of business.

New industrial establishments were organized and existing plants were expanded. Vast armies of workers were recruited, taken from their everyday pursuits into new and untried occupations. Wages were abnormally high on account of the abnormal demand for labor. The entire industrial labor fabric was changed. Men whose pre-war occupations had been unskilled or semi-skilled had to be rapidly trained into the highest type of skilled mechanics. The demand for labor, together with the demand of the nation for fighting men made necessary the placing of women in industry in places heretofore exclusively occupied by men.

All industry, war as well as that not exclusively producing war materials, had to adjust its processes and its output to meet the ever increasing shortage of raw materials caused by the extraordinary wastage in war consumption, the inability to import because of the urgent need of shipping for the movement of troops and war supplies, and the general shortage of available domestic transportation facilities. To intelligently direct such adjustments, and make such rules as would cause the least inconvenience to business, the government through the War Industries Board consulted with the manufacturing establishments concerned and obtained their views as to methods of economies in consumption of raw materials before establishing regulations. In many cases where the problems were complex, men standing high in the particular industry were drafted to the service of the government for the purpose of administering the problems connected with their own business. The shortage of labor also compelled many policies of economy in manufacture.

Interesting as showing the trend of industrial economy are some of the regulations made by the War Industries Board which tended to conservation of materials in which there was a shortage, and a general saving in manufacturing processes. The rule that advertising literature should be largely restricted and that publications should be reduced in size effected large economies in the use of paper of which there was a very limited supply. Reducing the number of styles of metal beds and limiting the amount of embellishments thereon effected large economies in the use of steel and brass. Limiting the number of styles of various kinds of agricultural implements effected large economies in use of metals, wood and labor which could be profitably used for military purposes. Limiting the number of package sizes of goods put up in containers permitted the transfer of large amounts of raw materials to important military uses.

An important indirect effect of the economies through the regulations of the War Industries Board was the resultant saving in investment caused by the carrying of smaller stocks by the jobbers and the retailers who were not compelled as heretofore to carry stocks of large numbers of kinds and sizes. The capital so released was largely used for investment in the government's war securities, and so became an effective help in the war program.

THE CHANGE TO PEACE PRODUCTION

November 11, 1918, found the whole industrial war program just reaching its peak-load of productive effort. The whole country was adjusted to its work. Citizens were being converted into fighting men, in large numbers; industry was furnishing the materials needed for the war in quantities satisfactory for the supply of the armies in the field. The factories, the commerce of the nation, were organized for the one big job most effectively and most efficiently, when suddenly came the end of hostilities. The tremendous wastages of materials in the prosecution of the war suddenly ceased, and the nation's industrial fabric was called upon to adjust itself to a peace basis. The vast industrial establishments exclusively producing war materials were faced with the necessity of finding other products which they could manufacture or of dismantling the factories. The change to peace production had to be made quickly because labor had to be taken care of in other than war-time pursuits. Every consideration forbade the permitting of unemployment. Economic conditions made it impossible to immediately reduce the wage scale. Labor had adjusted itself to a high wage scale. Its living standards had been raised, food and other supplies were high, making impossible a reduction in labor's budget. Confronted with the paradox on the one side of a large demand for employment by workers which under ordinary conditions would have brought about a reduction in the labor wage scale, and on the other hand with the necessity of keeping the scale high to prevent serious economic and political disturbances, industry had to face its task of adjusting to peacetime work.

In casting about for markets for its goods, industry found them very much restricted due to the buying inability of nations who had become impoverished through the war. Here also industry must feel the pressure of competition from these same countries who are the large manufacturing countries of Europe. This competition will come not only in its own markets but also in the markets of the world. The European nations have become through the war debtor nations. They are confronted with the driving necessity of exchanging raw materials and manufactured products for gold. Their soldiers returning from the war must be provided

with work, and the starting up of manufacture on a huge scale becomes imperative in Belgium, England, France and Germany.

It is now America's problem to maintain itself as a successful competitor in the sale of manufactured products in the markets of the world, and to provide the millions of war workers and returning soldiers with work. Some shifting of labor will have to be made. Every economic consideration forbids the retaining in the factories of workers who had been drafted for war work from the farms. These must be returned to do their part in meeting the large shortage in the world's food supply caused by the war. Large building projects and public works should be undertaken to take care of labor which cannot be used on farm and in factory.

Industry itself can only survive the strong competition which she is bound to encounter from abroad by increased efficiency. The costs of manufacturing processes must be reduced by doing better, quicker and cheaper the things which are necessary to produce its goods. Every economy in transportation, in making and selling goods must be taken advantage of. Transportation problems, selling campaigns and manufacturing efficiency must be looked at not from a selfish and local angle but must be studied from the broad vision of an international viewpoint. Foreign markets must be established and held in order to keep the nation's flag flying at the masts of American owned and American manned ships, and to provide an outlet for the surplus products which America must of necessity produce.

ECONOMY A PEACE AS WELL AS A WAR AIM

The mobilization for war was successful. Why then should not a mobilization for peace be made along the lines which the war experience has taught are efficient? The war showed the necessity for the exercise of every economy, and this should be the aim in peace times. Intelligent coöperation should exist among those engaged in similar industries to prevent the doing of things through motives of competition which are extravagant and wasteful and benefit no one. The good work of the War Industries Board which pointed out the way for the elimination of useless styles and sizes in manufactured products should be perpetuated and extended to many industries which were not covered during the war. Cheapening of transportation should be effected through

the elimination of duplication, and intelligent distribution. Intelligent thought should be given to the development of cheaper methods of transportation by use of connected waterways, either natural or artificial, but their establishment should be considered from the viewpoint of the nation as a whole and not from selfish and local considerations. Business must receive a larger share of the attention of the government. It must be recognized as an important factor in the well-being of the nation. But this is not intended to suggest government control, or government ownership of any of the agencies of business. Monopolies are not necessary and competitive conditions should be maintained, and the greatest care should be taken that the trend is not toward paternalism. Capital and labor should recognize their identity in interest, and should so conduct their mutual work that the best results may be obtained from all concerned. Labor troubles, whether strikes or lockouts, are wasteful, and where they occur reduce the nation's capacity and efficiency to successfully compete in its bid for the trade of the world.

How can these things be brought about? During the war, industry found that it could solve its new problems itself, for the War Industries Board was an agency representing industry and its personnel was made up of the industrial leaders of the nation. Why then should not industry do so now? Let industrial effort be directed by the coöperative endeavor of men chosen from its own ranks who will consider the problems from a general and national viewpoint. Let these men amplify and continue the work so effectively done by the war service committees of the various industries organized under the supervision of the Chamber of Commerce of the United States of America.

These organizations should form a point of contact with the various governmental agencies either remotely or directly concerned with industrial processes. They should have a voice in the laying out of plans for governmental activities affecting industry, whether national, state or civic, and their influence should be against the spending of public funds for objects not regarded as helpful to industry in a national sense. They should be in a position to suggest that government aid be in a direction which is supplemental to the work they themselves might undertake, and should insist at all times that there be the closest co-

operation between the government and industry, whether affecting the processes of transportation, the production of raw materials and manufactured products, or concerning labor.

The nation's industries must realize that successful competition in the world's markets today cannot result from efforts that are individualistic, but only from the closest harmony and coöperation, first in industry itself and then between industry and the government.